

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 IO-10 ISO-00 DEAE-00 CIAE-00 INR-05

JUSE-00 NSAE-00 RSC-01 SNM-02 SY-04 TRSE-00 USIA-06

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 5154

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USMISSION GENEVA

DEA HQS WASHDC

C O N F I D E N T I A L NEW DELHI 15143

E. O. 11652: -GDS

TAGS: SNAR, IN

SUBJ: FORECAST OF REDUCED OPIUM PRODUCTION IN 1975

SUMMARY: ACCORDING TO A GOI NARCOTICS OFFICIAL, POPPY CULTIVATION AND OPIUM PRODUCTION NEXT YEAR MAY BE LOWER THAN IN 1974. TOTAL PRODUCTION IS ANTICIPATED TO BE 900-950 TONS AND GUM OPIUM AVAILABLE FOR EXPORT MAY BE IN THE RANGE OF 750-800 TONS. END SUMMARY.

1. EMBOFF DISCUSSED PROSPECTS FOR OPIUM PRODUCTION IN 1975 WITH DEPUTY SECRETARY A. P. AGRAWAL OF THE GOI FINANCE MINISTRY. AGRAWAL SAID HE DID NOT BELIEVE THAT MORE THAN 43,000 HECTARES OF POPPIES WOULD BE PLANTED THIS AUTUMN, BECAUSE THE BELOW AVERAGE RAINFALL IN RAJASTHAN, MADHYA PRADESH, AND CENTRAL U. P. THIS SUMMER HAS CAUSED A SHORTAGE OF WATER FOR IRRIGATION.

2. AT THIS LEVEL OF CULTIVATION, ESTIMATED GUM OPIUM PRODUCTION WOULD TOTAL 900 TO 950 TONS, OF WHICH 150 TONS WOULD BE RESERVED FOR INDIAN DOMESTIC USES AND CODEINE PROCESSING. THIS WOULD LEAVE 750 800 TONS AVAILABLE FOR EXPORT. AGRAWAL REMARKED
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THAT IF THE NEW NEEMUCH CODEINE PLANT GOES ON STREAM IN 1975 AND

CODEINE CAN BE EXPORTED, THERE MIGHT BE AN UPWARD READJUSTMENT IN THE SHARE OF JUM OPIUM ALLOCATED TO AMERICAN FIRMS SINCE THEY ARE NOT ALLOWED BY U.S. LAW TO IMPORT REFINED OPIATES.

3. AGRAWAL EXPECTED A LARGE RISE IN THE EXPORT PRICE OF OPIUM NEXT YEAR, SINCE OPIUM PROCUREMENT AND PRODUCTION COSTS ARE INCREASING UP TO 40 PERCENT ANNUALLY. HE EXPLAINED THAT THE GOI WILL HAVE TO PAY A MUCH HIGHER PRICE TO THE FARMERS IN 1975 IN ORDER TO KEEP THEM FROM SWITCHING TO WHEAT CULTIVATION. COST OF LIVING INCREASES TO OPIUM FACTORY WORKERS AND THE GOI NARCOTICS STAFF WOULD ALSO BE LARGE. AGRAWAL BELIEVED THAT A PLENTIFUL SPRING WHEAT CROP WOULD HELP IN PREVENTING A DISPROPORTIONATELY LARGE RISE IN GOVERNMENT PROCUREMENT PRICES FOR BOTH WHEAT AND OPIUM.

4. THE CURRENT WORLD SHORTAGE OF MEDICINAL OPIUM IS CAUSING AN INCREASING NUMBER OF FOREIGN PHARMACEUTICAL FIRMS TO UNDERTAKE RESEARCH IN POPPY STRAW PROCESSING. THE GOI EXPECTS A GROWING DEMAND FOR BULK POPPY STRAW EXPORTS FOR THE REST OF THE DECADE. AGRAWAL NOTED THAT FOR THE FIRST TIME HE COULD REMEMBER A U. S. DRUG COMPANY (S.J. PENICK) IS ARRANGING TO IMPORT 100 KILOGRAMS OF SECONDARY (INCISED) POPPY STRAW FROM INDIA FOR EXPERIMENTAL RESEARCH.
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